

Local Boundary Commission

From: <Cspirittwo@aol.com>
To: <LBC@dced.state.ak.us>
Cc: <Senator_Georgianna_Lincoln@legis.state.ak.us>; <Senator_Gary_Wilken@legis.state.ak.us>; <Representative_Albert_Kookesh@legis.state.ak.us>
Sent: Thursday, January 30, 2003 8:27 AM
Subject: written comment for LBC hearing on Feb. 6th

To: LBC@dced.state.ak.us

Fm: Mr. Kenneth L. Klawunder
 P.O. Box 156
 Gustavus, Alaska 99826

Re: Remarks for the LBC hearing Feb. 8th regarding the formation of Boroughs.
 The Glacier Bay Borough

Dear Local Boundary Commission Members:

The purpose of this letter is to submit a brief written summary of my concerns and suggestions to the LBC regarding the formation of the Glacier Bay Borough. I have been a landowner and a resident of Alaska since 1967, living in Juneau for 9 years, Tok for 18 years, and finally Gustavus for the past 10 years.

The Constitution of Alaska has set forth a plan to create boroughs throughout the State of Alaska. This may have been a desirable plan during the 1950's and 60's however that may not be the case today. I do understand that many citizens within the organized parts of Alaska are concerned that taxation for the operation of schools is not applied equally and that the unorganized parts of Alaska are not paying for their schools within the REAA districts. The formation of boroughs is only one expensive alternative in the State's quest for equitability in taxation but may not be the best nor the most efficient.

One of the prerequisites for the formation of a borough is population and the ability of those folks to successfully support the functions of a borough. The proposed Glacier Bay Borough encompasses a population estimated at 1739, however, many locations within the proposed borough such as Pelican are losing citizens and some, like Whitestone Logging Camp, have closed due to a decline in the logging industry. This area encompasses one of the smallest populations within any of the Model Boroughs and it may not be sufficient to successfully perform the functions of a borough.

Areas within the Proposed Model Boroughs are to be socially and culturally interconnected. The Glacier Bay Borough encompasses five communities spread from Tenakee Springs, midway down Chatham Strait, to Pelican on Lisianski Inlet near the outside waters of the Pacific Ocean. The largest community, Hoonah, situated on Chichagof Island along the south side of Icy Strait has a significant Native population. On the north side of Icy Strait is Gustavus, the second largest community that is almost all white. Between Gustavus and

Pelican is the small, unincorporated community of Elfin Cove with a mostly seasonal white population. In this proposed borough there are two 1st Class Cities, Hoonah and Pelican, one 2nd Class City, Tenakee Springs, and two unincorporated communities operated by Community Associations, Gustavus and Elfin Cove, however, Gustavus has petitioned the LBC to become a 2nd Class City.

Although these culturally diverse communities are spread over a largely unpopulated region, it is not the only difficulty facing the cooperative borough formation of this region. In order to build trust prior to borough formation, these communities must have the ability to visit, form social ties and to interact with one another. Gustavus has neither ferry service, nor an inexpensive way in which to visit these other communities. Air service is the only way Gustavus residents can travel to other areas of the proposed borough and the expense is prohibitive. For example, there are no scheduled flights from Gustavus to Hoonah which is 25 miles away and the cost of a drop-off is \$75 each way per person. To reach Pelican a person must charter a floatplane in order to make the trip and that is even more expensive. There are many members of the Gustavus community who have never been to any of the communities within the proposed borough. Small boats can make the trip from Gustavus to Hoonah however the crossing of Icy Strait is sometimes difficult and other times impossible.

Borough formation anywhere within the State of Alaska is expensive and not always in the best interest of the population. In order to form a borough the State of Alaska must designate \$600,000.00 for the first three years of operation for each borough. The total amounts to \$4,800,000.00 in order to put all eight boroughs into operation for the first three years. If equitability in taxation is the purpose for the move to create boroughs, there may be an easier and less expensive method. The Alaska State Legislature is the Assembly for all Unorganized Borough areas and could tax that borough without the formation of a new borough. An assessment on land for property taxes, sales taxes, or a head tax within the Unorganized Borough may be sufficient to provide support for the schools of the region while keeping them within the present structure of the REAA.

Taxation equitability is another problem with the formation of a Glacier Bay Borough. If there are segments of the population within the proposed borough who are exempt from any borough tax, the cooperation within that borough will suffer and the gains desired from the borough formation will have been compromised. Taxation must provide for equitability, fairness, and simplicity to be effective.

The purpose for forming a Borough must encompass more benefits than just the tax advantage for the State. Citizens living within the borough will expect some measure of services provided by this borough which can not be provided by the city government. That expectation may not be realized in the Glacier Bay Borough due to the vast geographical size and the sparseness of the population. There are few services that could be provided over this large region that could not be provided by the respective city governments. Cities within the newly proposed Glacier Bay Borough are separated by

significant water areas which make any large scale benefits of this new layer of government difficult, inefficient if not ineffective.

In summary, there are alternatives to the formation of Model Boroughs even if taxation of the population within those areas is the final desire. The need to incorporate all areas of the Unorganized Borough may have been a feasible quest when the coffers of the State were filled with oil money but that solution may not now be the best alternative. Each of the Model Boroughs is unique with their own set of problems. If tax equality throughout the State is the desire, then the answer may be with taxation and not with the formation of new boroughs. Creating boroughs for borough sake may be a great waste of both time and money for the State of Alaska and for the people within those borough areas.

I sincerely hope that the Local Boundary Commission hears all concerns and that the State Legislature does not rush to judgement just because the Constitution of Alaska, at some time in the past, called for all areas of the State to become part of a borough. It is my firm belief that all Alaskans want to do their share in the provision of good schools for our youth. How those tax dollars are obtained and at what level is the real question and it must be done in a manner that does not adversely effect the lifestyle or the livelihood of rural Alaskans.

Thank you so much for the opportunity to write my concerns regarding this important matter.

Sincerely,

Kenneth L. Klawunder

Cc: Senator Georgianna Lincoln
Representative Albert Kookesh
Senator Gary Wilken